

VZCZCXYZ0000
PP RUEHWEB

DE RUEHMN #0306 0882044
ZNY CCCCC ZZH
P 292044Z MAR 06
FM AMEMBASSY MONTEVIDEO
TO RUEHC/SECSTATE WASHDC PRIORITY 5612
INFO RUCNMER/MERCOSUR COLLECTIVE
RUEHBO/AMEMBASSY BOGOTA 2502
RUEHCV/AMEMBASSY CARACAS 0400
RUEHLP/AMEMBASSY LA PAZ MAR SANTIAGO 2822
RUMIAAA/CDR USSOUTHCOM MIAMI FL//J-5//
RUEHC/DEPT OF AGRICULTURE WASHDC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEAWJA/DEPT OF JUSTICE WASHDC
RHEHNSC/NSC WASHDC

,C O N F I D E N T I A L MONTEVIDEO 000306

SIPDIS

SIPDIS

DEPT FOR WHA/AS SHANNON AND EB/AS WAYNE
DEPT ALSO FOR WHA/BSC BARNES, CROFT AND MURRAY
DEPT PLEASE PASS USTR
TREASURY FOR OASIA FOR DOUGLAS
COMMERCE FOR ITA/MAC BASTIAN
NSC FOR FISK AND CRONIN
SOUTHCOM FOR POLAD

E.O. 12958: DECL: 03/28/2016
TAGS: [PREL](#) [PGOV](#) [ETRD](#) [OVIP](#) [UY](#)
SUBJECT: VAZQUEZ SENDS STRONG SIGNAL ON FREE TRADE AGREEMENT

REF: MONTEVIDEO 00229

Classified By: Charge D'Affaires James D. Nealon
for reasons 1.4 (B) and (D)

11. (C) Summary: Minister of Industry and Energy Jorge Lepra invited me to a private one-on-one meeting in order to transmit an urgent message from President Vazquez. Lepra relayed that Vazquez has not wavered in his commitment to a Free Trade Agreement (FTA) with the U.S. and that he still expects to raise it with POTUS during the White House meeting scheduled for May 4. Vazquez clearly wishes to gauge the prospects of concluding an FTA with us before he meets with President Bush. End Summary.

12. (C) On the night of March 28, Minister of Industry and Energy Lepra welcomed me to his home in order to allay U.S. fears over Vazquez' recent, public comments on an FTA, and to plan for the upcoming POTUS meeting. (Note: Lepra will lead Uruguay's delegation to the Joint Commission on Trade and Investment (JCTI) next week in Washington. In addition, he is often used by President Vazquez as his surrogate Foreign Minister on matters relating to the United States. End Note.)

13. (C) Lepra told me that he had transmitted to Vazquez our unease and "confusion" over the President's remarks made two weeks ago in Caracas, in which he participated in a rambling press conference with Hugo Chavez and emphatically stated that he did not intend to sign an FTA with the United States. (Comment: In a face-to-face meeting a week earlier, Vazquez had explicitly told me (reftel) that he wished to pursue an FTA with us. End Comment.)

14. (C) According to Lepra, Vazquez wished to relay the following messages to the U.S. Charge d'Affaires: (a) That he (Vasquez) knows best how to manage the radicals within his governing Frente Amplio (FA) coalition, and that he sometimes needs to placate that crowd, and (b) that internal politics have little effect on his foreign policy overtures towards the United States.

15. (C) Lepra went on to say that Vazquez' first step in his

trade policy strategy for engaging the U.S. was to amend, sign and ratify the Bilateral Investment Treaty (BIT), a process which Uruguay completed last December. The second step is to expand commercial ties through JCTI. The third step entails beginning actual negotiations with the U.S. on an FTA. Vazquez told Lepra that he had hoped to begin FTA discussions next year. Lepra was then required to explain the issue of Trade Promotion Authority (TPA) and the critical timing and deadlines involved. (Note: Lepra has discussed this subject at length with Ambassador Gianelli in Washington and also with us. End Note.) After the explanation, the President's response to Lepra was, "Fine. If it has to be this year, it has to be this year. I can discuss this with President Bush," referring to his scheduled May 4 meeting with POTUS.

¶6. (C) I had the impression throughout the conversation that Lepra wanted assurances that we have the U.S. President's commitment to an FTA.

Comment:

¶7. (C) We continue to find ourselves in an awkward position when we discuss an FTA with the GOU. While the U.S. President's National Security Strategy, our own Western Hemisphere strategy document, and our agenda at the Summit of the Americas all list free trade at the top of our agenda, we seem to have sent mixed signals to Uruguay regarding an FTA. At least this is how President Vazquez perceives it. End Comment.
Nealon